

TABLE 1

## THE COST OF BANK RECAPITALIZATION IN CHINA

Policy Action or Condition	Cost (Billions of Rmb)
1. Government bond issue to increase bank capital, 1998	270
2. Implicit guarantee of AMC debt, 1999–2000	1,400
3. NPLs still held by four big state commercial banks	2,000 to 5,000 <sup>a</sup>
Total Cost:	
Rmb (billions)	3,670 to 6,670
US \$ (billions)	443 to 806
Percentage of GDP, 2000	40 to 75

SOURCE: Nicholas Lardy, "China's Worsening Debts," *Financial Times*, 22 June 2001, p. 13.

<sup>a</sup>The larger figure applies when international accounting practices are used.